

Spring 2008

International Financial Institutions

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Recommended Citation

Gokcekus, Omer, "International Financial Institutions" (2008). *Diplomacy Syllabi*. 315.
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JOHN C. WHITEHEAD
SCHOOL OF DIPLOMACY AND
INTERNATIONAL RELATIONS
SETON HALL UNIVERSITY

Spring 2008 *

DIPL 6113: International Financial Institutions

I. MEETING TIME/PLACE

Section NA: Tuesday, 8:35 – 10:45 PM; Classroom: CH 66

II. INSTRUCTOR

Instructor: Ömer Gokcekus
Office: McQuaid 128
Office hours: Monday/Tuesday 9:00 – 11:00; 4:00 – 6:00PM; or by appointment
Telephone: 973- 313-6272
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II. COURSE OUTLINE

This survey course is designed to gain a better understanding of two international institutions, namely the World Bank and the IMF, and it is organized in three modules.

Module one: At the beginning, three class sessions will be devoted to introduce two main international financial institutions, namely the International Monetary Fund and the World Bank.

Module two: Four class sessions will be utilized to read and discuss issues regarding different aspects of the IMF.

Module three: Two class sessions will be utilized to gain a better understanding of the World Bank.

Note: All of the reading materials are available online free, and the links are provided. Please read the listed Readings for each day and take notes. To encourage you to read the assigned materials, you are required to keep a journal. You will write at least a two page (double spaced) entry on each of these papers, and you will turn in your journal, on the day the readings are assigned for. Turned in journals will receive a “check.”

* The 10 days in advance rule: This course-outline is subject to change. However, in case there is a change, the class will be informed at least 10 days in advance.

Module 1: Introduction: Two International Financial Institutions— The Bank and the Fund

Day 1: January 15: Introduction

We will go over the course outline, talk about the contents, format of the class, rules of the game, expectations, grading, etc.

Day 2: January 22: NO CLASS -- Stay home and Read the module 1's articles

Day 3: January 29: What do they want us to know about them?

Reading 1. *The World Bank, "10 Things You Never Knew. . . "*

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,pagePK:50004410~piPK:36602~theSitePK:29708,00.html>

Reading 2. *The International Monetary Fund, "The IMF at Work".*

<http://www.imf.org/external/work.htm>

Day 4: February 5: A broad but a serious assessment of the World Bank and the IMF

Reading 3. Krueger, A. O., 1998, Whither the World Bank and the IMF? *Journal of Economic Literature*, Vol. 36, No. 4. (Dec.1998), pp. 1983-2020.

Reading 4. Michael Gavin and Dani Rodrik, 1995, The World Bank in Historical Perspective *The American Economic Review*, Vol. 85, No. 2, Papers and Proceedings of the Hundredth and Seventh Annual Meeting of the American Economic Association Washington, DC, January 6-8, 1995. (May, 1995), pp. 329-334.

[Note: Reading 3 and 4 available from SHU Library's JSTOR database.]

Reading 5. Goldstein, 2000, Strengthening the International Financial Architecture: Where do we stand? Institute for International Economics.

www.iie.com/publications/wp/2000/00-8.pdf

Module 2: The IMF

Day 5: February 12: The international monetary fund— historical perspective & current analysis

Reading 6. Bordo & James, 2000, The International Monetary Fund: Its present role in historical perspective, NBER Working Paper 7724.

www.nber.org/papers/w7724

Reading 7. Willett, 2002, Toward a Broader Public Choice Analysis of the IMF, Claremont Colleges Working Papers in Economics, # 2002-25.

<http://econ.claremontmckenna.edu/papers/2002-25.pdf>

Day 6: February 19: NO CLASS -- Take home exam 1— due date Tuesday, February 26

Day 7: February 26: IMF Programs

Reading 8. Fisher, 1997, Applied Economics in Action: IMF Programs, American Economic Review, 87(2), pp. 23-27.

Reading 9. Mercer-Blackman & Unigovskaya, 2000, Compliance with IMF Program and Growth in Transition Economies, IMF Working Paper, WP/00/47.

<http://www.imf.org/external/pubs/ft/wp/2000/wp0047.pdf>

Reading 10. Easterly, 2004, An Identity Crisis: Testing IMF Financial Programming, NYU Development Research Institute, DRI Working paper # 6.

www.nyu.edu/fas/institute/dri/DRIWP06.pdf

Day 8: March 4: Ownership and Conditionality

Reading 11. Boughton, 2003, Who's in charge? Ownership and Conditionality in IMF-supported Programs, IMF Working Paper, WP/03/191.

www.imf.org/external/pubs/ft/wp/2003/wp03191.pdf

Reading 12. Willett, 2005, The IMF and Capital Account Crisis: The case for separate lender of last resort and conditionality functions, Yale University Conference on International Monetary Fund and the World Bank. Claremont College Working Papers in Economics, # 2005-1.

www.cgu.edu/include/SPE_Willeet_IMF&Capital%20Account%20Crises.PDF

Reading 13. Drazen & Isard, 2004, Can Public discussion enhance program "ownership?" The IMF conference in honor of Guillermo Calvo.

<http://www.imf.org/external/np/res/seminars/2004/calvo/pdf/drazen.pdf>

Day 9: March 11: NO CLASS -- Take home exam 2— due date March 18

Day 10: March 18: What's next for the IMF?

Reading 14. Kelkar, Vijay L., Vikash Yaddav, Praveen K. Chaudhry, 2004, "Reforming the Governance of the International Monetary Fund," The World Economy, Vol. 27 (May), pp. 727-43. (A short version of this article available as "Time for Change at the IMF," Finance and Development, March 2005, 42(1): pp. 46-48.

www.imf.org/external/pubs/ft/fandd/2005/03/pdf/kelkar.pdf

Reading 15. Raghuram G. Rajan, 2006, "The Role of the International Monetary Fund in a Changing World." Lecture delivered by the Economic Counselor and Director of Research, International Monetary Fund, at the Kiel Institute, April 10, 2006

<http://www.imf.org/external/np/speeches/2006/041006.htm>

Reading 16. Rodrigo de Rato, 2006, "The IMF's Medium-Term Strategy for Low-Income Countries." Remarks by the Managing Director of the International Monetary Fund At the Regional Roundtable on Policies for Growth and Development and the Challenges of Scaling-Up Aid, Lusaka, Zambia, March 16, 2006

<http://www.imf.org/external/np/speeches/2006/031606.htm>

For a background report: <http://www.imf.org/external/pp/longres.aspx?id=548>

Reading 17. Anne O. Krueger, 2006, "Evolution not Revolution: The Changing Role of the IMF in the Global Economy." Remarks by the First Deputy Managing Director, IMF as an Address to International Development Club Graduate School of Business, Stanford University Stanford, California February 23, 2006.

<http://www.imf.org/external/np/speeches/2006/022306.htm>

Module 3: The World Bank

Day 11: April 1: NO CLASS -- Work on your report on a World Bank Project

Day 12: April 8: NO CLASS -- Work on your report on a World Bank Project

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,menuPK:115635~pagePK:64020917~piPK:64021009~theSitePK:40941,00.html>

Day 13: April 15: The World Bank— its Activities— Overall and Regional

Reading 18. World Bank, 2005. The World Bank Annual Report 2005, Addressing Poverty

Reading 19. World Bank, 2004 The World Bank Annual Report 2005, Regional Perspectives

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/EXTANNREP/EXTANNREP2K5/0,,menuPK:1397361~pagePK:64168427~piPK:64168435~theSitePK:1397343,00.html>

Day 14: April 22: The World Bank— its effectiveness

Reading 20. World Bank, 2004. Independent Evaluation Group— Tools, Methods, and Approaches

<http://www.worldbank.org/ieg/ecl/tools/>

Reading 21. Independent Evaluation Group— 2004 Annual Review of Development Effectiveness

<http://www.worldbank.org/ieg/arde/2004/>

Day 15: May 1: Final report due date!

IV. RULES OF THE GAME / GRADING/ etc.

- 1. Attendance:** You are expected to attend class regularly. I take attendance and you are allowed 1 unexcused absence. Further class cuts will bring a **5 percentage points** reduction in your final grade average!
- 2. Involvement: Participation & Journal Entries:** Class attendance is meaningful if you are involved in what's going on in the course. That requires keeping up with the readings, asking questions (in class, after class, during office hours, or via e-mail), visiting the course web site, and giving thoughts about the current issues. I keep track of participation for each session. Keep in mind that quality of participation is as important as quantity. You will find it easier to participate and you will learn more if you read the assigned material before class.

To encourage you to read the assigned materials, you are required to keep a journal. You will write at least a two page long (double spaced) note on each of the weeks' reading assignments, and you will turn in your journal at class the first day of each week. Turned in journals will receive a "check."

- 3. Take-home Exams:** Economics explores the implications of living in a world of scarcity in which *'there is no such thing as free lunch.'* Learning economics takes time, attention, hard work and smart work. In particular, setting the foundations— understanding the fundamentals is extremely critical in the early stages of a life-long, continuous learning process. So, I don't want you to spend time for rote memorization. Therefore, exams during the semester will be take-home exams. You are encouraged to work together on these exams to maximize the benefits of peer learning. Yet, each one of you will be turning in his/her own exam.

You will have fourteen days to complete each exam. Your exam, as all other assignments will be typed— no hand-written exams will be accepted: submissions (in electronic format only (via drop box)) are to be composed in a font such as Times, 12 pts, double-spaced, 1" margins; **the penalty for late work is 20% points per day.**

- 4. Etiquette:** The usual rules of polite behavior apply— activities, which disturb others, including the instructor, are not acceptable. This includes late arrival, early departure, activated electronic devices, and conversation during class.
- 5. Plagiarism & Honor Code:** In this course, academic integrity is of the highest importance. Consequently, plagiarism will not be tolerated and **will result in a failing grade**, potential damage to your academic standing, and possible expulsion from the Whitehead School and the University.
- 6. Students with Special Needs:** Under the Americans With Disabilities Act and §504 of the Civil Rights Restoration Act, students at Seton Hall University who have a disability may be eligible for accommodations in this course. Should a student require such accommodations, he or she must self-identify at the Office for Disability Support Services (DSS), Room 67, Duffy Hall and work with DSS to develop a plan for accommodations. The contact person is Mrs. Linda Walter at 973.313.6003
- 7. Grading:** The following table summarizes the weights for grading. **Please keep in mind that, in fairness to each of you, no other criteria whatsoever will be used in determining any grade in this course!**

• Attendance and Participation	10% of course grade
• Journal entries	15% of course grade
• 2 Take home exams	50% of course grade
• Final Report	25% of course grade
A = 94 + ; A- = 90 - 93; B+ = 86 - 89; B = 80 - 85; C+ = 75 - 79; C = 70 - 74; F = less than 70	

V. IMPORTANT DATES

January 9	Wednesday	<u>Classes Begin</u> - Add/Drop and Late Registration Begin
January 16	Wednesday	Add/Drop and late registration end
January 21	Monday	Martin Luther King, Jr. Day - University Holiday; Classes in Session; Core services available
February 6	Wednesday	Ash Wednesday Mass, Classes Canceled Noon – 1 p.m.
February 15	Friday	<u>Last day to file course withdrawal form without professor/dean signature</u> ; deadline for pass-fail and audit requests; <u>Last day for graduate students to file Application for Degree for May 2008 graduation</u>
February 18	Monday	Presidents Day - University Holiday - Classes in Session, Core Services Available
February 28	Thursday	Student Alternate PIN numbers changed in preparation for preregistration
February 29	Friday	<u>Last day to submit course withdrawal forms</u> with professor/dean signature
March 3-7	Monday-Friday	Summer 2008 Registration
March 11-19 and March 31-April 8	Tuesday-Tuesday	Fall 2008 Registration
March 20-21	Thursday-Friday	Holy Thursday, Good Friday – University Closed
<u>March 22 - 30</u>	<u>Saturday-Sunday</u>	<u>Spring recess - No Classes</u>
March 31	Mon	Classes Resume
April 28	Monday	<u>Last Day of Classes</u> ; Last day to submit assignments to resolve Spring 2007 Incomplete grade; On-Line grading opens for faculty.
April 29	Tuesday	Reading Day
April 30 - May 6	Wed -Tue	<u>Final Examinations</u> (n.b., Requests for 'Incomplete' grade must be filled before final examination)
<u>May 12</u>	<u>Mon</u>	<u>Commencement</u>
May 13	Tuesday	Spring 2008 on-line grading closes at 6:00pm